



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1376 (1951)

March 24, 1986

■ SUBJECT: Farmer Program Loan Deferrals

TO: All State Directors, District Directors,
and County Supervisors, FmHA

Purpose/Intended Outcome: This Administrative Notice (AN) is intended to provide guidance to field offices on the preparation and submission of documents prepared in conjunction with loan deferrals. FmHA Instruction 1951-A, paragraph 1951.44 provides instructions for deferral of existing loans (OL, FO, SW, RL, EM, EO, SL, RHF, and EE).

Comparison with Previous AN: No previous AN has been issued on this subject.

Implementation Responsibilities: When a deferral of regularly scheduled installment payments is approved, the processing of a series of documents is necessary to establish the loan deferral on the computer system. The processing routine is very similar to those procedures used in processing debt set-aside transactions.

We are providing these guidelines for your use in facilitating document preparation and submission to the Finance Office.

Form FmHA 1951-6, Borrower Account Description Flag

- o Prepare one Form FmHA 1951-6 for each borrower who will have his/her loan(s) deferred. DO NOT PREPARE A FORM FOR EACH LOAN.
- o The form should be prepared accurately and completely:
 1. The effective date must be the same date as the effective date of consolidation, rescheduling, or reamortization (block-10 of Form FmHA 1965-22, Information on Assumption on New Terms or Other Change of Terms). The loan deferral effective date cannot be prior to November 1, 1985.

EXPIRATION DATE: March 31, 1987

FILING INSTRUCTIONS: Preceding
FmHA Instruction 1951-A

2. The expiration date will always be the January 1 immediately prior to the first installment due date on the deferred loan. For example, if the borrower is to receive a loan deferral for 5 years effective April 30, 1986, and the first installment due date is January 1, 1992, the expiration date would be January 1, 1991.
- o Upon receipt of the Form FmHA 1951-6, the Finance Office will flag the borrower's account. Once this flag has been established, the computer system will hold in suspense all transactions effective on or after the effective date of the deferral until the Form FmHA 1951-56, Loan Deferral, is processed by the Finance Office.
 - o The Finance Office will process Forms FmHA 1951-6 immediately upon receipt.

Form FmHA 1965-22, Information on Assumption on New Terms or Other Change of Terms All delinquent loans will be rescheduled, reamortized, or consolidated to bring the account current. If a borrower has a current loan and the loan is being deferred, it also must be rescheduled, reamortized or consolidated.

- o Prepare Form FmHA 1965-22 in accordance with the forms manual insert (FMI) for consolidating, rescheduling, or reamortizing.
- o For deferrals the installment schedule on the Form FmHA 1965-22 must, for processing purposes, show a dollar amount in each of the blanks for the first five installments. Do not show any zeros. Installments shown on the promissory note Form FmHA 1940-17 must show zero for the first five installment amounts. It is the processing of Form FmHA 1951-56, Loan Deferral, which establishes the installments due after the deferral period and replaces installments established by the Form FmHA 1965-22.

(NOTE: For an example of preparation of the Form FmHA 1940-17, see the FMI for Form 1940-17, Example IV - Deferred Payments First Five Installments After Rescheduling, Remaining Installments Computed on Equal Amortized Installments, Including Deferred Portion Added.)

- o The Finance Office will process Forms FmHA 1965-22 immediately upon receipt.

Form FmHA 1965-23, Supplemental Information on Assumption and/or Change of Terms Use this form to transmit all documents to the Finance Office relative to reschedulings, reamortizations, and consolidations prepared in conjunction with loan deferrals.

Form FmHA 1951-56, Loan Deferral

- o This form will be prepared in accordance with the FMI for each loan being deferred.
1. A loan cannot be deferred if it has been either partially or fully set aside. It will be necessary to cancel the set-aside if the deferral of the loan is desired.

2. In most instances the Form FmHA 1951-56 will be prepared when the Form FmHA 1965-22 is completed. Accordingly, the loan number for the reamortization, consolidation, or rescheduled loan will not be known to enable you to complete block 5, "Loan Number," of Form FmHA 1951-56. In these instances, we ask you to record to the right of block 5 the old loan number (or numbers, if it is a consolidation) before submitting the form to the Finance Office.
- o This form will be retained by the Finance Office until the computer program that enables the deferral transaction to be processed is available - April 1986. Upon processing the deferral transaction, all transactions held in suspense will be released for update to the borrower's account.
- o At the expiration of the deferral period, the system will automatically terminate the loan deferral. No action will be required by the county offices.
- o Attached is a copy of Form FmHA 1951-56 (and the related FMI) which can be reproduced as necessary until a supply is received.

Submission of Documents to the Finance Office

To expedite processing and facilitate control, all documents prepared in conjunction with loan deferrals should be assembled (staple documents for each borrower together) and mailed in a separate envelope addressed as follows:

United States Department of Agriculture
Farmers Home Administration
1520 Market Street
St. Louis, MO 63103

OPEN BY ADDRESSEE ONLY - ATTN: FC-340

Above the return address on the envelope, please record in RED
"LOAN DEFERRAL (STATE CODE)."

General Information

- o Program Cost Items Program cost items associated with operating loans are established as separate loans. They are assigned numbers starting at 98, descending to 70. While these cost items are considered in the borrower's overall indebtedness, it is important to note that these cost items cannot be reamortized, rescheduled, or consolidated nor can they be deferred.
- o Inquiry Station The county office can obtain unpaid balances from the Inquiry Station for a borrower's loan after Form FmHA 1951-6 has been processed and before the new loan deferral form is processed. The Inquiry Station will record the request as a problem case. They will research the account, manually compute account balances, and advise the county office accordingly.

- o Delinquency Reporting The Finance Office has the immediate capability of processing the Form FmHA 1951-6 to flag the account for loan deferrals. By flagging the account transactions dated subsequent to the effective date of the deferral are suspended until the loan deferral transaction is processed and also, the account will not be reported as delinquent. Form FmHA 389-184, Status Report of Farmer Program Accounts (Report Code 540), will not include a borrower as delinquent once the Form FmHA 1951-6 processes. After the loan deferral transaction is processed, the borrower's loan status will be reported as normal.



VANCE L. CLARK
Administrator

Attachment

LOAN DEFERRAL

TRANSACTION TYPE

☐ 1 ESTABLISH LOAN DEFERRAL

☐ 2 CANCEL LOAN DEFERRAL

2. BORROWER NAME

[illegible]

3. CASE NUMBER

ST	CO	BORROWER I.D.

4. FUND CODE

5. LOAN NUMBER	
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6. EFFECTIVE DATE

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7. AMOUNT OF LOAN

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8. DEFERRED INTEREST LOAN AMOUNT

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9. DEFERRED INTEREST INSTALLMENT AMOUNT	
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10. INSTALLMENTS

[illegible][illegible]

THEREAFTER ON JANUARY 1st OF EACH YEAR UNTIL THE PRINCIPAL AND INTEREST ARE FULLY PAID.

	FINAL YEAR OF LOAN
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	TOTAL NUMBER OF INSTALLMENTS
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11. DATE

12. APPROVING OFFICIAL

1376(1951)

FORMS MANUAL INSERT

FORM FmHA 1951-56

USDA-FmHA
Form FmHA 1951-56
(2-66)

LOAN DEFERRAL

1. TRANSACTION TYPE <input type="checkbox"/> 1 ESTABLISH LOAN DEFERRAL (1a) <input type="checkbox"/> 2 CANCEL LOAN DEFERRAL (1b)																																																																			
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INITIATING OFFICE

FmHA 1951-56
(2-66)

For use to notify Finance Office the borrower's loan is on loan deferral.

(see reverse)

PROCEDURE FOR PREPARATION : FmHA Instruction 1951-A.

PREPARED BY : County Supervisor, District Director, or State Director (or designee).

NUMBER OF COPIES : Original and one copy

SIGNATURES REQUIRED : FmHA employee authorized to take the specific servicing action (County Supervisor, District Director, or State Director (or designee)).

DISTRIBUTION OF COPIES : Original to Finance Office; copy retained by initiating office.

INSTRUCTIONS FOR PREPARATION

(1a-b) Check one box to indicate what type of transaction is being submitted.

(2) Enter the borrower's name.

(3) Enter the borrower's case number consisting of state and county code and the borrower's identification number.

(4) Enter the fund code for the loan deferral.

(5) Enter the loan number for the loan deferral.

(6) If the transaction type is 1 (establish), enter the deferral effective date from Form FmHA 1940-17, Promissory Note.

If the transaction type is (2) cancel and the loan deferral is to be canceled subsequent to the effective date, enter the date the loan deferral is to be canceled.

(7) Enter the amount of the loan as shown on Form FmHA 1940-17.

(8) If the transaction type is 1 (establish), enter the deferred interest loan amount computed as follows:

$$\frac{\text{Unpaid Principal} \times \text{Interest Rate}}{365} \times \text{Elapsed Days}$$

Elapsed days equal number of days between deferral expiration date and deferral effective date.

If the transaction type is 2 (cancel), enter the unpaid interest on note account as of the date canceled.

(9) Compute the deferred interest installment amount by dividing the number of loan repayment installments remaining after the deferral period (final year of loan less year of expiration/cancellation) into the deferred interest loan amount and round to the next dollar.

(10a-d)

(a) Enter in the columns from left to right the installments as shown on Form FmHA 1940-17. Do not include "zero" amount installments due during the period of deferral. Enter an installment-type code of 1 on all scheduled installments except the final scheduled installment which must be an installment-type code of 2.

(b) Enter the amount of the equal amortized real estate installment which becomes due each year following the installments shown in Item (10a). If none, enter zero.

(c) Enter the final year of the loan.

(d) Enter the total number of installments provided in Item (10a) plus 1.

(11) Enter the date of approval.

(12) Signature of approving official.